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8 February 1958

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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

I. THE COMMUNIST BLOC

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Korea: Peiping has announced that it proposes to "break the deadlock" in Korea by negotiating the withdrawal of Chinese troops with the North Korean regime. The declaration, which calls on the US and the UN similarly to initiate the withdrawal of UN troops from South Korea, has been sent to Britain and member governments of the Neutral Nations Supervisory Commission. Chou En-lai will head a government delegation to North Korea the middle of this month. The Communists may at that time announce an agreement whereby Chinese Communist troops will be withdrawn from Korea, probably in some phasing contingent upon parallel UN action.

(CONFIDENTIAL) (Page 1)

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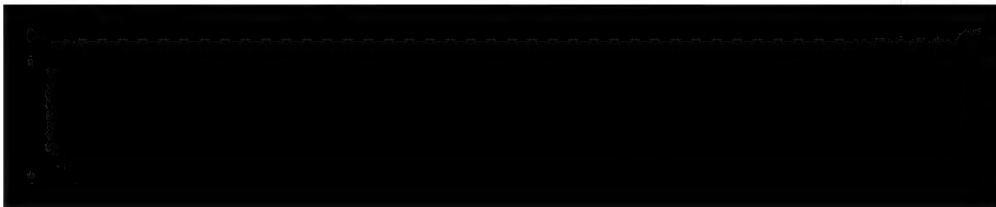
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II. ASIA-AFRICA

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Cyprus: Foreign Secretary Lloyd is flying to Athens on 10 February in an apparent last-minute effort to reach an interim agreement with Greece regarding Cyprus and thus to forestall renewed violence on the island. However, despite efforts by Greek officials and Archbishop Makarios to restrain EOKA, this underground organization has publicly proclaimed that it must resume a violent struggle for self-determination. (SECRET NOFORN)

ok
Syrian Communists: The Syrian Communist party is preparing to go underground, following the establishment of Egyptian-Syrian union. Party leader Bakdash departed with his family for Moscow on 6 February amid reports that party members were criticizing his leadership. The Syrian Communists have considerable experience in underground operation; the party has been technically illegal for several years and was suppressed by the Shishakli regime. (SECRET NOFORN) (Page 2)

no
Israeli-Syrian border: Tension along the Israeli-Syrian border may ease temporarily since the Israeli police and troops in the vicinity of the northern demilitarized zone now appear to be less aggressively disposed. Some Israeli artillery in the border area has been withdrawn, and a reconnaissance of northern Israel has not revealed concentrations of armor or personnel carriers which usually have accompanied preparations for a retaliatory raid. However, an incident resulting in renewed tension is possible at any time. (SECRET NOFORN)

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DAILY BRIEF

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Tunisia: Tunisian President Bourguiba hinted in a radio speech on 6 February that his government was again reassessing its pro-Western orientation in light of its inability to obtain essential economic aid. In an obvious bid for more liberal economic aid from the West, he contrasted the recent Soviet offer at Cairo to give underdeveloped countries aid "without strings" with problems created by the suspension of French credits.

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(CONFIDENTIAL) (Page 4)

Spanish West Africa: New clashes between Spanish troops and Army of Liberation irregulars have occurred in Ifni, but the planned Spanish offensive to destroy guerrilla concentrations throughout Spanish West Africa will apparently not begin before mid-February. (SECRET NOFORN)

no

Bloc aid to Afghanistan: Afghanistan has received \$158, - 191,000 in credits from the Soviet bloc since 1954, according to an official Afghan listing. Kabul has used about one third of the total to date. It has used the \$32,391,000 in arms aid supplied by the USSR and Czechoslovakia, and has spent about \$20,000,000 in economic assistance. (CONFIDENTIAL) (Page 5)

ok

8 Feb 58

DAILY BRIEF

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III. THE WEST

no
France: Premier Gaillard faces his most serious threat of overthrow to date when the National Assembly takes up his constitutional reform proposals on 11 February. With the Algerian statute and foreign financial aid issues out of the way, the deputies will probably be more inclined than previously toward an all-out attack on his plan to strengthen the executive at the expense of assembly prerogatives. Gaillard may not survive if he maintains an inflexible position on his reform proposals. (CONFIDENTIAL)

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no
Haiti: Army Chief of Staff Kebreau has for some time been working to undermine President Duvalier and may take advantage of an impending cabinet crisis to oust him. The breaking point for Duvalier's government may be the threatened resignation next week of the interior minister, who is also defense minister. He is accused of implication in an alleged plot against Kebreau by several high army officers recently arrested. (SECRET)

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Communists Renew Bids for Korean Settlement

Peiping has announced its readiness to "break the deadlock" in Korea by negotiating the withdrawal of Chinese troops with the North Korean regime, and has announced that Chou En-lai will head a government delegation to North Korea in the middle of this month. Chou and the North Koreans may announce an agreement on Chinese withdrawal in a formulation made contingent on parallel departure of UN forces.

In an effort to develop international support for Communist proposals on Korea, Peiping transmitted its announcement in notes to the UK and member governments of the Neutral Nations Supervisory Commission. The Chinese have asked the British to forward the note to other governments which have provided troops for the UN forces in Korea.

Peiping and Pyongyang have criticized recent moves to strengthen UN forces in South Korea but have refrained from statements suggesting an ultimatum. The senior bloc delegate to the Military Armistice Commission noted on 1 February that the armistice is still maintained "thanks to the unstinted efforts" of the Communist side, and that US maneuvers cannot "alarm the Korean people."

On 5 February, Pyongyang issued a formal statement which repeated standard Communist proposals including simultaneous withdrawal of all foreign troops from Korea and unification elections supervised by a "neutral" nations body. The Communists remain adamant against UN-supervised Korean elections. (CONFIDENTIAL)

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II: ASIA-AFRICA

Syrian Communist Party Planning to Go Underground

The Syrian Communist party, rent with dissension over the position to be taken toward the Syrian-Egyptian union, is preparing to go underground out of fear of suppression by Nasir. Long-time party leader Bakdash, who absented himself from the Syrian Parliament's vote for union with Egypt, left for Moscow with his family on 5 February, probably for a long stay. Some Syrian Communists have asserted that Bakdash is no longer the party's spokesman, criticizing his leadership and attitude, specifically his earlier endorsement of the union and the decision to go underground.

The Syrian Communists have had considerable experience with underground operations, since the party is already technically illegal and has undergone active suppression by previous Syrian regimes. The party's strength is estimated at 10,000, but by Western standards its organization is weak. Bakdash has been the only strong leader, and his absence at this time may weaken the party's influence in Syria. (SECRET NO-FORN)

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Tunisian President Hints He May Seek Soviet Economic Assistance

Tunisian President Bourguiba hinted in a radio address on 6 February that his government was again assessing its pro-Western orientation in light of its inability to obtain adequate economic aid. In an obvious bid for more liberal economic assistance from the West, he contrasted the recent Soviet offer of aid "without strings" made at the Afro-Asian Solidarity Conference in Cairo in December with the prolonged suspension of French credits.

Other Tunisian officials state that the government is in a desperate financial plight and faces a crucial unemployment situation involving one third of the country's labor force. They feel the limited American aid, designed to supplement French economic assistance, is inadequate to meet the situation. Austerity measures were imposed nine months ago when promised French assistance was suspended; only a trickle of French aid has since been released.

Two Soviet trade representatives are now in Tunis and may be able to exploit the atmosphere of desperation prevailing in Tunisian government circles.

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Afghanistan Reveals Foreign Debt Obligations

The Afghan Government officially informed the US Embassy in Kabul on 2 February that Afghanistan has received \$213,058,000 in foreign loans, of which \$158,191,000 was extended by the Soviet bloc and the remainder by the West. The government stated that the total included 1956 arms agreements with the USSR and Czechoslovakia for \$25,000,000 and \$7,391,000 respectively, and that the whole amount of these loans has been expended.

An estimated \$20,000,000 of the Soviet bloc economic credit has already been utilized. Kabul has stated that it intends to use the remainder of these loans during its Five-Year Plan (1956-61), but admits that present foreign commitments will permit it to implement only two thirds of the plan. According to the Afghan Government, annual principal and interest payments will rise in six years from \$7,500,000 in the current fiscal year to \$16,300,000. Afghanistan will find it difficult to meet the increased payments from its foreign exchange earnings unless it implements its economic development program more rapidly than appears likely.
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